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Certificate:-

I, T. C. Lui, hereby certify that I am thoroughly conversant with the Chinese and English languages, and as a result of the comparison between the Chinese and the English texts, I have established that this is a true and correct translation of International Prosecution Document No. 9560.

(signed) T. C. Lui

HIGH COURT OF NANKING

25 May 1946

International Prosecution Section
General Headquarters, Supreme Commander
For the Allied Powers

Gentlemen:

With reference to your request for material on the subject of opium suppression, we attach herewith authenticated copies of the record of interrogations of Sheng Yu-An and of a written Statement entitled "The Work of Opium Suppression" prepared by Mei Sze-Ping, Minister of Interior in the Puppet Nanking Government. The above documents were referred to us, for incorporation in our proceedings, by the Bureau of Investigation and Statistics of the National Military Council which handled the investigations.

Yours faithfully,

Chao Seng
President

THE WORK OF OPIUM SUPPRESSION

Ever since the closing years of the Tsing Dynasty, the planting of, trading in and smoking of opium had been suppressed, but with little result. Owing to the recurrence of civil wars, and the lack of uniformity in laws and statutes, the Suppression Regulations were more or less scraps of paper. The opium situation became even worse. In 1935, however, the Council of Military Affairs of the National Government, with the greatest determination and the most careful planning, strictly enforced the suppression of opium. Substantial results were achieved. The measures adopted at that time are briefly described as follows:

1. With regard to drugs, such as cocaine, heroin, morphine, etc., the policy of immediate suppression and extinction was adopted. Capital punishment were to be dealt to those who manufactured or traded in or transported such drugs. Those who indulged in using such drugs one year after the enforcement of the suppression law were to be punished likewise.

2. In the case of opium, since the situation was more complicated, the policy of suppressing and extinguishing it in five years was adopted. Opium addicts were required to cure themselves of the habits within respective time limits prescribed on the basis of their respective ages. Before being cured, addicts should have licenses for the purchase of limited amounts of opium. Only specially designated merchants could engage in the trading and transporting of opium. They were strictly supervised by the Council of Military Affairs which also controlled the distribution. As to the planting of opium, for one reason or another, the immediate suppression in some provinces had some difficulty. Therefore, it was ordered that the planting of opium was confined to certain border and outlying regions, that the planting in those regions had to decrease from year to year, and that the rest of the provinces were strictly forbidden to plant any opium. For violation of this regulation, both the local authorities and the farmers concerned were to be punished.

The above is a brief description of the opium suppression operations before the War of Resistance. In two years, remarkable results were achieved, particularly in Kiangsu and Chekiang provinces where the accomplishments were the best. If the war had not broken out, the plan for suppressing opium within five years would have been 80% or 90% successfully concluded.

After the invasion of the Japanese militarists in 1937, the work of suppressing opium in North China and the South-eastern provinces which successively came under the Japanese occupation, was naturally interrupted. Even before the war the Japanese militarists and diplomats had the bad habit of obstructing the Chinese policy of opium suppression. It was a current opinion in China that the Japanese had the ultimate motive of poisoning the Chinese people. They would make every Chinese an opium addict or a drug addict, in order to weaken and to impoverish the Chinese. But this was rather a superficial observation. The actual reason behind was that, since the Japanese military forces and special service organs in China were very ambitious in carrying on aggression, the funds allotted to them by the Japanese Government could hardly meet the heavy expenses of their extremely extensive work of the so-called special service activities in China. Therefore, they utilized the Consular Jurisdiction to protect the Japanese, Korean, and Formosan ruffians who engaged in manufacturing drugs or transporting and trading of opium. Moreover, the Japanese garrison forces and consulates usually offered them protection and ordered them to penetrate into the hinterland in exchange for espionage information which they were required to supply to the military headquarters and the Embassy and Consulates. They were further told to contact local Chinese unscrupulous elements and even corrupt officials in order to obtain various information. So the Chinese, as a rule, thought that the Japanese were aiming at poisoning the Chinese people. They failed to see that in fact it was nothing but a mean tactics of the aggressor's secret service. The above is a brief description of how the Japanese tried to break down the Chinese opium suppression policy before the war.

Following the outbreak of the war, the Japanese Army occupied cities in more than ten provinces. The policy of espionage and intelligence under the guise of dealings in opium and drugs was of course intensified. The conditions involved were likewise more complicated and extensive than those before the war. They could be described under two separate headings: drugs and opium.

As to drugs, the Japanese, Korean, and Formosan ruffians could almost go anywhere in their trading without any interference. The Japanese Army, especially the Military Police (Kempaitai), went further to employ the Chinese drug dealers and unscrupulous elements to gather espionage information. It covered a wide area, and so the poison of the drugs was also widespread. The Chinese Government could do nothing at

all. But the drug trade was the dealings of the local low ranking Japanese officials, and not the over-all plan of either the Japanese Government or the Japanese Military Headquarters.

The opium business in China was the systematic policy of high ranking officials of the Japanese Government for two reasons. First, the Mongolian-Sinkiang Autonomous Government, which was a puppet organization set up by the Japanese following their occupation of Inner Mongolia, sought to solve the financial deficit problems by purchasing opium in Inner Mongolia where the people used to grow poppy and sell it at a profit. Second, Japan, in addition to scraping every possible gain in China, looked to opium as a possible way out of her own financial difficulties caused by the war. The money for Mongolian puppet government ear-marked for the purchase of opium had to be first remitted to the Finance Ministry in Tokyo, where part of the sums were retained. Although no figures of these retained sums could be estimated as they were kept strictly secret, this remains an undeniable fact. On the other hand, the greater part of the proceeds of the opium sold in Shanghai and other Chinese cities were also sent to Tokyo to be allotted as secret subsidiary funds to Tojo's cabinet as well as to subsidize members of the Diet. This was an open secret although it was guarded as strictly confidential, and it was known that some Japanese people at home were also opposed to this notorious policy of Tojo's cabinet. Evidence for this undeniable fact is, however, difficult to collect. (If the books of the Hung Chi Shan Tang could be obtained, some traces could be found.)

As to the suppression of opium under the Nanking Government, it was quite a complicated story. In 1938, the Reformed Government, following the example of the Provisional Government in North China, installed the Central Board of Opium Suppression under the Executive Yuan. The actual power of opium suppression was, however, in the hands of the Japanese. The Japanese Military Headquarters sent a Japanese ruffian by the name of Satomi (alias in Chinese, Li Chien-fu) to establish the Hung Chi Shan Tang in Shanghai. It was a business corporation in control of the opium trade and transportation. On the Chinese side, the head of the corporation was Sheng Weng-yi. But Sheng was also appointed by the Japanese, not by the Reformed Government. Therefore, the opium trade entirely came under the control of Li Chien-fu and Sheng Weng-yi, and the Reformed Government had no control whatsoever over it. According to Sheng Weng-yi himself, the disposal of the profits was kept highly secret. It was done through direct contact with Tokyo. Even the Japanese organs

in China could not know the details. The Reformed Government only charged a small amount of tax against this corporation. The Government was deprived of rights concerning personnel and administration of the Opium Suppression Board -- rights entirely usurped by the Hung Chi Shan Tang. Therefore, the pre-war opium suppression policy could not be continued. Hung Chi Shan Tang, being a business concern, was not supervised by the Government. Opium was considered one of the controlled commodities. Dealers in opium cared for nothing but profit. Opium dens were openly installed everywhere in cities and in villages. Addicts were not controlled. No such thing as compulsory curing within a time limit was ever mentioned.

In March 1940, the Executive Yuan of the Reformed Government decided to transfer the Opium Suppression Board to the jurisdiction of the Ministry of Interior. Soon, the National Government in Nanking was established. During the four years until the winter of 1943, nothing could be done to improve the situation of opium suppression. The Government found itself helpless, resorting to no other way than simply ignoring the problem.

In December 1943 students held demonstrations in Nanking, Shanghai, Hangchow and other cities against opium, smashing a number of opium shops and opium dens established by the Hung Chi Shan Tang. The public sentiment reached its peak, but the Japanese troops dared not step in to give interference. As a result, the Japanese Government sent an economic advisor to the Nanking Government, expressing their willingness to help China if China wanted to restore her pre-war opium suppression measures, on condition that the Nanking Government should consider the fact that "opium profits were the chief revenue of the Mongolia-Singkiang Autonomous Government". Three probable reasons for the sudden change of the attitude of the Japanese Government regarding the opium business in China were found. First, the Tojo Cabinet had been attacked by the people both inside and outside Japan regarding the use of opium profits for political as well as secret purposes. Second, the Japanese Government wished to lessen the hatred of the Chinese people. The third and the most important factor was that Japan at that time was making scores of times as much income by the control of commodities in occupied China as from opium dealing, so there was no apprehension for lack of funds to defray political and military expenses. Consequently, the Nanking Government had to consider carefully the following points in face of the Japanese request:

1. Since opium revenue was the chief source of income of the Mongolian Government, and if Mongolian Government could dump its opium on Nanking as a result of Japanese pressure, the Nanking Government would become an agent for selling opium imported from Mongolia.

2. The income of the Nanking Government was then enough to cover all expenses and the opium revenue was not considered as an important item. If the Japanese relied on increased collection of the opium tax as ground for lowering other tariffs in favor of Japanese merchants in China, the result would be much worse.

3. Negotiations with the Japanese during many years proved to be painful. On every occasion they declared at first that they would never interfere. But later on they invariably interposed obstructions on every turn, making it impossible for the Chinese authorities to carry on their duties. I am afraid there could be no exception to the opium suppression problem.

Therefore the Nanking Government took the following stand during the negotiations with the Japanese on the opium problem:

1. The opium suppression policy of the former Military Council must be maintained and the five-year suppression plan, which was after operating for two years suspended on account of the war, must be continued. Opium evil must be eradicated within three years, beginning from April 1944.

2. According to the pre-war regulations, the planting of poppy in Inner Mongolia should be prohibited within a definite period of time. Those pre-war measures could, of course, be temporarily allowed to continue. But the amount produced must be drastically reduced. Opium imported from Mongolia which amounted to 3,000,000 ounces per annum by the Hung Chi Shan Tang must be reduced at least by one half.

3. Rules which existed prior to the war regulating producers, dealers and addicts of opium, enforced by the former Council of Military Affairs, should be likewise observed and the Japanese authorities should lend a helping hand in this matter, giving no protection to either Japanese or Chinese ruffians.

4. Japan should help China to stem opium smuggling, otherwise opium suppression would be impossible.

Following the negotiations, Japanese authorities accepted the conditions completely. Wang Chin-wei, Chairman of the Council of Military Affairs happened to be in Japan for medical treatment at that time, so the Council of Military Affairs was unable to take charge of the opium suppression program as it used to do. Besides, Cheng Kung-po, Acting Chairman of the Council of Military Affairs, and concurrently Mayor of Shanghai, was too much occupied to take care of this opium suppression task. Consequently, it was assigned to the Ministry of Interior. Nevertheless, regulations stipulated by the Council of Military Affairs were observed. The former opium agency was operated by specially licensed merchants under government supervision. This agency was taken over by the Central Opium Suppression Bureau for fear that continuance of the former plan would entail manipulation again by Satomi and his associates. Other functions of the Bureau remained the same as those of the former Inspector General of Opium Suppression. The Opium Suppression work from 1 April 1944 to the end of the same year is stated as follows:

1. Since the publication of opium suppression regulations in March 1944, all narcotic producing organs in Shanghai, following the discovery of a number of heroin manufacturies, vanished by themselves. The same condition prevailed in Nanking where, following the execution of Tsao Yu-chen, a notorious narcotic trader and secret service man of the Japanese Gendarmerie, opium and narcotic dealers gradually disappeared in the Nanking-Shanghai Area and the Japanese stopped giving open support to opium trafficking.

2. From April 1944 to the end of the year, the average monthly import of opium from Inner Mongolia was less than 100,000 ounces - less than 40% of the monthly import in the Hung Chi Shan Tang's time.

3. The opium smuggling continued to be unchecked. But it was not more rampant than before - a fact which showed that the addicts were not increasing in number (because Government controlled opium was reduced by more than 50%).

4. Two opium suppression hospitals were established: one in Nanking and one in Shanghai. Public and private hospitals in various cities and districts were intrusted with the opium suppression service.

5. The registration of opium addicts was accomplished.

6. Opium shops and opium dens in all cities and towns were ordered to be closed down.

Taxation on opium was not aimed at for revenue purposes by the Nanking Government. Nevertheless the total opium tax collected between April 1944 and the end of the year amounted to between \$40,000,000 and \$50,000,000 and was handed over to the Ministry of Finance. This could be checked in the files and books.

When Mr. Wang died in November last year, Mr. Chen Kung-po became Chairman of the Council of Military Affairs. Early in December, by decision of the Supreme National Defense Council, opium suppression was again placed under the jurisdiction of the Council of Military Affairs in order to insure its effectiveness. But not until January 1st of this year was the work of opium suppression actually turned over to the jurisdiction of the Council of Military Affairs. The regulations governing its operation underwent no changes.